GOVERNMENT OF INDIA
STEEL
LOK SABHA

UNSTARRED QUESTION NO:32
ANSWERED ON:25.07.2005
NEW STEEL POLICY
Mehta Shri Bhubneshwar Prasad;Singh Shri Uday

Will the Minister of STEEL be pleased to state:

(a) whether it is a fact that a new Steel Policy has been formulated and waiting for the Government`s approval; and

(b) if so, the salient features of the proposed new Steel Policy?

Answer

MINISTER OF CHEMICALS & FERTILIZERS AND MINISTER OF STEEL (SHRI RAM VILAS PASWAN)

(a) Yes, Sir.

(b) The following are some of the salient features of the draft National Steel Policy (NSP):

The NSP sets out a broad roadmap for the Indian Steel Industry in its journey towards reform, restructuring and globalisation.

The long-term goal of the NSP is that India should have a modern and efficient steel industry of world standards, catering to diversified steel demand. The focus of the policy is to achieve global competitiveness not only in terms of cost, quality and product-mix but also in terms of global benchmarks of efficiency and productivity.

In order to achieve the goal of 110 million tonnes of steel production by 2019-20, the NSP seeks to remove the supply-side constraints to the growth of this industry in an open, globally integrated and competitive environment.

The NSP seeks to adopt a multi-pronged strategy to move towards the long-term policy goal. On the demand side, the strategy would be to create incremental demand through promotional efforts, creation of awareness and strengthening the delivery chain, particularly in rural areas. On the supply side, the strategy would be to facilitate creation of additional capacity, remove procedural and policy bottlenecks in the availability of inputs such as iron ore and coal, make higher investments in R&D and encourage the creation of infrastructure such as roads, railways, and ports.

The NSP acknowledges the low per capita consumption of steel in the country, especially in the rural areas and the need to boost steel consumption to improve quality of life and help in meeting the growing aspirations of masses.

In order to achieve the strategic goal of 110 mT of steel production by 2019-20, the industry would need additional capital. In addition, funds would be required for technological upgrade of existing facilities. In order to mobilize such vast resources NSP seeks to encourage foreign direct investment. In addition the policy also seeks to make the fiscal incentives, available to infrastructure projects, accessible to the steel industry.

The NSP seeks to support developing of risk-hedging instruments like futures and derivatives to contain price volatility in the steel market.

The NSP seeks to strengthen the existing training and research facilities available to the domestic steel industry so as to provide suitable training programmes especially for the secondary small-scale units and also to collect and analyze data on important parameters of the industry.

The NSP seeks to mount aggressive R&D efforts to create manufacturing capability for special types of steel, substitute coking coal, use iron ore fines, develop new products suited to rural needs, enhance material and energy efficiency, utilize waste, and arrest environmental degradation.

The NSP acknowledges the important role played by the secondary steel sector in providing employment, meeting local demand of steel in rural and semi-urban areas, and meeting the country`s demand of some special products and seeks to endeavour to provide the necessary feedstock to these units at reasonable prices from major plants through the existing mechanism of State Small Industries Corporations.

The NSP recognizes the fact that integration of the Indian steel industry with the global economy requires that the industry should be protected from unfair trade practices, which become common especially during periods of downturn. The NSP therefore, envisages institution of mechanisms for import surveillance, and monitoring export subsidies in other countries.